DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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MEMORANDUM FOR SBSE EXAMINATION EXECUTIVES
LMSB EXECUTIVES

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Director, Strategy, Research & Program Plan

SUBJECT: Mandatory Use of TEFRA Check Sheets

This Interim Guidance Memorandum mandates the use of four new TEFRA Check Sheets designed to assist the examiner in conducting a TEFRA examination. It is critical for the Service to follow TEFRA rules and procedures during examinations since procedural errors can affect the validity of assessments, infringe on taxpayer rights, and result in improper disclosures of tax information.

A review of TEFRA cases showed that TEFRA procedures were not always followed or applied correctly. When procedures were followed, the case file did not always include the documentation to confirm the actions taken or decisions made. As a result, the use of the following check sheet is mandatory on every examination of a partnership or limited liability company filing as a partnership:

- TEFRA Procedures Check Sheet, Form 13813

If the partnership or limited liability company filing as a partnership is determined to be subject to the TEFRA procedures, the following check sheets must be completed:

- TEFRA Linkage Package Check Sheet, Form 13814
- Tax Matters Partner (TMP) Qualification Check Sheet, Form 13828
- Tax Matters Partner (TMP) Designation Check Sheet, Form 13827

Internal Revenue manual 4.31.2 - Pass-Through Entity Handbook, TEFRA Examinations-Field Office Procedures, is in the process of being updated for these changes. The check sheets are posted on the following web pages:

- Forms Repository: http://publish.no.irs.gov/catlg.html
- TEFRA web page: http://tefra.web.irs.gov/m1/1a_home.asp
- SBSE Examination Field Templates web page: http://sbse.web.irs.gov/Exam/Leadsheets_and_Workpapers_FieldExam.htm

Examiners who have questions about the completion of the check sheets should contact their local TEFRA coordinator. A list of TEFRA Coordinators can be found on the TEFRA website at http://tefra.web.irs.gov/m7/7a_coordinator.asp.

Please disseminate this memorandum to your field personnel. Questions or requests for assistance can be directed to Mark Ransick, LMSB TEFRA Technical Advisor or Jerry Morey, Senior Program Analyst SBSE Exam Policy.

Attachments:
TEFRA Check Sheets Instructions
TEFRA Procedures Check Sheet, Form 13813
TEFRA Linkage Package Check Sheet, Form 13814
Tax Matters Partner (TMP) Qualification Check Sheet, Form 13828
Tax Matters Partner (TMP) Designation Check Sheet, Form 13827

cc: Director Specialty Taxes
Director, Campus Compliance Services
Chief Counsel, General Legal Services
www.IRS.gov

# TEFRA Check Sheet Instructions

In general, the term TEFRA is used to describe a set of rules, both statutory and administrative, that affect how the Internal Revenue Service (IRS) conducts the examinations of tax returns for partnerships and LLCs (Limited Liability Companies) filing as partnerships

The TEFRA procedures are mandatory for any partnership that does not meet the small partnership exception or any partnership that elects to be covered by the TEFRA procedures. A partnership will fail the small partnership exception if there are more than 10 partners at any one time or there are partners other than natural persons, C corporations, or the estates of deceased partners.

These check sheets were designed to assist the examiner in completing the required TEFRA procedures. Managerial involvement is required to complete the TEFRA Procedures Check Sheet, Form 13813, the TEFRA Linkage Package Check Sheet, Form 13814, and the Tax Matters Partner (TMP) Designation Check Sheet, Form 13827.

**TEFRA Procedures Check Sheet, Form 13813**: The completion of the TEFRA Check Sheet is <u>mandatory for every partnership examined</u>. The completed check sheet must be included in the audit file to document that the partnership is or is not subject to the TEFRA procedures. SBSE examiners will file TEFRA check sheets and workpapers under a separate line item in Section 600 on the Form 4318. Industry Case examiners will file the TEFRA check sheets and workpapers under SAIN number 703 on Form 4764. The examiner's manager must review the TEFRA Procedures Check Sheet and workpapers to ensure that all appropriate TEFRA procedures have been completed. The manager's signature on the TEFRA Procedures Check Sheet indicates that the TEFRA procedures have been reviewed and correctly completed.

**TEFRA Linkage Package Check Sheet, Form 13814:** The TEFRA Linkage Check Sheet provides guidance to the examiner in preparing information required for a complete TEFRA Linkage Package. This check sheet and attachments is submitted with a Form 8340. The manager's signature on line 13 of the TEFRA Linkage Check Sheet indicates that the linkage package has been reviewed and is accurate and complete. The manager's signature on the Form 8340 authorizes the establishment of a linkage on the Partnership Control System.

**Tax Matters Partner (TMP) Qualification Check Sheet, Form 13828:** The completion of the Tax Matters Partner (TMP) Qualification Check Sheet is mandatory where the partnership has been identified as TEFRA. The position of TMP is created by statute for TEFRA pass-through entities; therefore, the check sheet is not applicable and should not be used for non-TEFRA entities or tax periods. The check sheet must be completed to determine whether the TMP is legally qualified to be the TMP or whether a new TMP should be designated.

**Tax Matters Partner (TMP) Designation Check Sheet, Form 13827:** This check sheet must be completed when a new TMP is designated during the examination. Certain procedures are required when a TMP is designated and must be documented in the audit file. If the TMP is designated by the Service, the manager must complete Part III and sign in block 1.

# TEFRA PROCEDURES CHECK SHEET

| Entity Name: | EIN: |
|---|---|
| | Tax Period: |
| Tax Matters Partner (TMP): | Statute Date: |
| Agent's Name and Initials: | Agent's Phone Number: |

**The Manager's initials indicate the case file was reviewed and the TEFRA procedures were completed correctly.**

| Manager's Name and Initials: | Manager's Phone Number: |
|---|---|

All the items referenced in the check sheet can be found on the TEFRA web site: **http://tefra.web.irs.gov**

**Prepare a separate TEFRA Procedures Check Sheet for each tax period under examination.**

| | ACTION | Date Completed | W/P Ref. |
|---|---|---|---|
| (1) | **The entity return is:** ☐ **TEFRA** ☐ **NonTEFRA**<br><br>**Check either the TEFRA or NonTEFRA box after making the determination. Document the audit file by completing page 4 of this check sheet or use the TEFRA Interactive Flowchart. The flowchart is located on the TEFRA web site and can be completed and printed for case file documentation. See IRM 4.31.2.1.1 and Exhibit 4.31.2-1**<br><br>**If the partnership is nonTEFRA you do not need to complete the rest of the check sheet. See IRM 4.31.5 for the nonTEFRA procedures.** | | |
| (2) | There must be at least 12 months remaining on the statute of limitations for the key case based upon the date the NBAP is mailed certified to the TMP. If not, the Director, Field Operations or the Area Director's written approval must be granted. Before the campus will establish the linkage and control the investors, there must be at least seven months on the key case statute when the Campus receives the linkage package. See IRM 4.31.2.2.1(2). | | |
| (3) | Determine if the designated Tax Matters Partner/Person (TMP) qualifies to be the TMP. | | |
| (3a) | Complete the Form 13828, TMP Qualification Check Sheet, to determine who the TMP is for each tax period. Completion of the check sheet is mandatory for all TEFRA partnerships. Include the completed check sheet in the audit file. | | |
| (3b) | If the TMP does not qualify, a new TMP must be designated. Complete the Form 13827, Tax Matters Partner (TMP) Designation Check Sheet. The completion of the check sheet is mandatory when a new TMP has to be designated. This includes selection using the largest profits interest rule. | | |
| (3c) | See IRM 4.31.2.5, Exhibits 4.31.2- 4 Form 13827 and Form 13828 for more details.<br>If the partnership is an LLC filing as a partnership, the operating agreement of the LLC must be reviewed in conjunction with Treas. Reg. section 301.6231(a)(7)-2 to determine who qualifies to be the TMP. | | |
| (4) | Schedule an initial appointment. Use Letter 2205. Include IDR, Pub. 1, and Notice 609. | | |
| (5) | Are there any trusts or foreign investors without an EIN? If yes, there may be a back-up withholding issue. | | |

| | ACTION | Date Completed | W/P Ref. |
|---|---|---|---|
| (6) | If a Form 2848 is received, ensure it is signed by the qualifying TMP. Special language is required under Item #3 – Tax Matters. For "Type of Tax" the form must have "TEFRA Partnership Proceeding", and for "Tax Form Number" the form must have "1065 and Consequential Adjustments". The POA form is not valid without this language.<br>For signature purposes, if an entity is the TMP, list the entity, identify it as the TMP, then identify the person signing for the entity, and the position they hold (for example, President if the entity is a C corporation or S Corporation.<br>See IRM 4.31.2.2.5 (IRM 4.31.2.2.8 rev 6-2006) and Exhibit 4.31.2-11 | | |
| (7) | Mail via certified mail Letter 1787, Notice of Beginning of Administrative Proceeding (NBAP) to the named TMP. See IRM 4.31.2.2.4. (IRM 4.31.2.2.7 rev 6-2006)<br>Address it as follows: (TMP's Name)<br>Tax Matters Partner<br>(Name of Partnership)<br>(Partnership Schedule K-1 Address) | | |
| (8) | At the same time the named TMP NBAP is mailed, issue, via certified mail, the *generic* L-1787, NBAP, to the TMP. See IRM 4.31.2.2.4. (IRM 4.31.2.2.7 rev 6-2006)<br>Address it as follows: THE TAX MATTERS PARTNER<br>(Name of Partnership)<br>(Partnership Schedule K-1 Address) | | |
| (9) | If the case is determined to have no audit potential within 45 days of issuing the NBAP, close the case and write on the Form 3198 - "TEFRA - No Change within 45 days, Issue Letter 1864." See IRM 4.31.2.2.6.1 (IRM 4.31.2.2.9.1 rev 6-2006) | | |
| (10) | After 45 calendar days from issuance of the NBAP or, if within the 45 day period, it is determined that adjustments exist, a request for linkage on the Partnership Control System (PCS) must be submitted.<br>Complete Form 8340 and the PCS Check Sheet and forward the linkage package to the PCS Coordinator. Completion of the check sheet is mandatory. The PCS Coordinator can be identified at the TEFRA web site under the TEFRA/PCS Coordinator Locator tab. **TEFRA Web Site** **http://tefra.web.irs.gov**<br>See IRM 4.31.2.2.6.2. (IRM 4.31.2.2.9.2 rev 6-2006) | | |
| (11) | Form 886-Z(C): The Campus TEFRA Function will send Form 886-Z(C) after the PCS linkage is completed. Verify that all investors are listed and the TINS are correct. If the information is not correct, contact the PCS coordinator to resolve the errors. The Form 886-Z(C) is confirmation that NBAPs have been sent to the investors listed on the form. Place Form 886-Z(C) in the TEFRA section of the audit file. | | |
| (12) | Secure statute extension, if required. There must be one year on the statute when the case is closed to Technical Services. Use Form 872-P or 872-O (open ended). If there is no qualified TMP, consider getting consents from the partners using Form 872-I or IA. See IRM 4.31.2.6.3.<br>Ensure statute extension is signed by the qualified TMP. Determine the TMP still qualifies to be the TMP, as the TMP may have been terminated by an event listed in Treasury Regulation section 301.6231(a)(7)-1. Contact your TEFRA Coordinator regarding correct signature language, especially if the TMP is an entity.<br>See Exhibit 4.31.2-11 of IRM 4.31.2 | | |
| (13) | Prepare Summary Report (RAR) on Form 4605-A with attached explanation of adjustments on Form 886-A. If needed, prepare an Affected Items Report using Form 886-A and type at the top, "Affected Items Report". Issue the report to the TMP with cover Letter 1807.<br>Deliver the Letter 1807 and Summary Report to the TMP in-person or via certified mail. Document the Letter 1807 and Summary Report issuance on the copy of the letter, the RAR, and the examiner's activity record. If a corrected report is subsequently issued, all previous RARs must be retained in the case file.<br>See IRM 4.31.2.2.3 (IRM 4.31.2.2.6.3 rev 6-2006) | | |

| | ACTION | Date Completed | W/P Ref. |
|---|---|---|---|
| (14) | Conduct closing conference no earlier than 30 days from date of issuance of the Summary Report. This waiting period may be waived in writing by the TMP; however, the waiver must state that the TMP has contacted all notice partners and they have agreed to waive the 30 day waiting period and/or the conference.<br>See IRM 4.31.2.2.7. (IRM 4.31.2.2.10 rev 6-2006) | | |
| (15) | If case is completed with no proposed changes after the 45-day period, close the case and write on the Form 3198 – "No Change After 45 Days – Issue either L-2621 or L-2064."<br>Consult with the local TEFRA Coordinator for guidance if the audit is past the 45 days, no PCS linkage has been submitted, and the case is a no change.<br>Also consult with the TEFRA Coordinator if there is a question as to which letter should be issued.<br>See IRM 4.31.2.4.2.1 and 4.31.2.2.10. (IRM 1.31.2.2.13 rev 6-2006) | | |
| (16) | Agreements must be secured from **all** investors. An agreement can also be solicited during the closing conference, or when the 60-day letter or Final Partnership Administrative Adjustment (FPAA) letter is issued by the TEFRA Coordinator.<br>For tax years ending **on or before** 8-5-97, use Form 870-P (6-06) or Form 870-L (6-06). For tax years ending **after** 8-5-97, use Form 870-PT (6-06) or Form 870-LT (6-06).<br>See the "Signature Instructions" page of the agreement form for more information on who must sign the agreement for the various types of entities that are partners.<br>If the investor is an individual and married filing a joint return, both spouses must sign.<br>Consult with the TEFRA Coordinator for help in determining who must sign and for cases that have non-notice partners. If agreements are secured, note on Form 3198 "Unexecuted Agreements Enclosed".<br>The case is an agreed case only if all notice partners sign an agreement.<br>See IRM 4.31.2.2.8. (IRM 4.31.2.2.11 rev 6-2006) | | |
| (17) | If agreements are obtained from some but not all investors, close the case unagreed. Note on the Form 3198 – "Unexecuted Agreements Enclosed – Issue 60-day letter or FPAA letter to the TMP and Remaining Partners"<br>A 60 day letter will be issued if there is adequate time on the statute, minimum of 12 months.<br>See IRM 4.31.2.4.2.2. | | |
| (18) | If no agreements are secured, close the case unagreed. Note on the Form 3198 – "Unexecuted Agreements Enclosed – Issue 60 day letter or FPAA letter to the TMP and All Partners"<br>A 60 day letter will be issued if there is adequate time on the statute. (Minimum of 12 months needed.) See IRM 4.31.2.4.2.2. | | |

**TEFRA DETERMINATION –** *Note that a separate determination must be made each year*

**TAX PERIOD:** ____________________

A partnership is non-TEFRA if all of the following answers are *yes*.
**Check the box on Page 1 once a TEFRA or nonTEFRA determination is made for the given year.**

## *For Taxable Years Ended Before August 6, 1997*

| | | YES | NO |
|---|---|---|---|
| (1) | At any one time during the tax period, there are ten or fewer partners (husband & wife or their estates count as one partner). | ☐ | ☐ |
| (2) | All partners are natural persons or estates. See Note Below. | ☐ | ☐ |
| (3) | All individual partners are domestic partners. (No non-resident aliens). | ☐ | ☐ |
| (4) | All partners meet the same share requirement (Temp. Regulation section 301.6231(a)(1)-1(a)(3)). | ☐ | ☐ |
| (5) | The partnership has not made an election to be treated as TEFRA in the current or a prior tax period. | ☐ | ☐ |

## *For Taxable Years Ended After August 5, 1997*

| | | YES | NO |
|---|---|---|---|
| (1) | At any one time during the tax period, there are ten or fewer partners (husband & wife or their estates count as one partner). | ☐ | ☐ |
| (2) | All partners are natural persons, C Corporations or estates of deceased persons. See Note Below. | ☐ | ☐ |
| (3) | All individual partners are domestic partners. (No non-resident aliens). | ☐ | ☐ |
| (4) | The partnership has not made an election under the provisions of Treasury Regulation section 301.6231(a)(1)-1(b) to be treated as TEFRA in the current or prior tax period. | ☐ | ☐ |

**Note:** If a partner is a grantor trust this is deemed to be a pass-through entity and the case is TEFRA. Likewise, if a partner is a single member LLC that is treated as a disregarded entity, the current position is it is considered a pass-through entity and the case is TEFRA. See Revenue Ruling 2004-88.



**Reset Form Fields**

# TEFRA LINKAGE PACKAGE CHECK SHEET

## Key Case Information

| DBA / Trade Name | | Key Case TIN |
|---|---|---|
| Tax Period | Promoter Number | Project Code |
| AIMS Assignee Code (12 digits): *(PBC, SBC, and EGC)* | | |

If this is **NOT** the first year under PCS control, indicate the name and telephone number of the agent controlling the other year(s)

| Name | Telephone | Year(s) |
|---|---|---|
| | | |

## CONTENTS of TEFRA LINKAGE PACKAGE

1. A completed TEFRA Linkage Package Check Sheet must be attached to the front of the package. Retain a copy of the check sheet for your case file.

2. There must be at least 12 months remaining on the statute of limitations for the key case based upon the date the NBAP is mailed certified to the TMP. If not, a copy of the Director, Field Operations or the Area Director's approval must be attached. There must be at least seven months on the key case statute when the Campus receives the package.

3. Attach a dated and signed (by the Service) copy of the named and generic TMP NBAPs along with the certified mail receipts. (Letter 1787(DO)).

4. The Key Case must be fully established on AIMS. Include a complete current AMDISA print in the package.

5. Include a complete copy of the key case return with one additional copy of the Schedules K-1. The MFT should be written at the top of each K-1 in RED ink. (Disregarded Entities will not have an MFT, write DE at the top instead.) Form 8340, PCS TEFRA Establish or Add, must be in the package and approved by the group manager. The Schedules K-1 must include the investor's TIN, name and address. The agent must request any missing information from the TMP. If the TMP does not have copies of Schedules K-1, YK1 data may be used to complete substituted K-1's prior to submitting the package.

6. On Form 8340, item #6, Investor Source, enter 23 (35 if the Promoter Number is 5000EX); for item #7, Investor Status, enter 06; for Item 11, EGC (Employee Group Code), enter 5800.

7. The Promoter Number, Item 6 on Form 8340 must have one of the following entries:
   a. TNTS (TEFRA Non-Tax Shelter) is used unless a promoter number was assigned to the project, or
   b. Promoter numbers 2xxxxx, 3xxxxx, or 5xxxxx take priority over item (a). (Special promoter numbers are reserved for special projects and are assigned by the Headquarters TEFRA Analyst). Contact your Local TEFRA Coordinator or the Project Coordinator if you have a question about whether a promoter number was assigned.

# TEFRA LINKAGE PACKAGE CHECK SHEET

## Investor Information

| Key Case Entity Name | TIN | Tax Period |
|---|---|---|
| | | |

8. Include a spreadsheet to reflect the reconciliation of the profit or loss from the Schedules K-1 to the key case tax return. The spreadsheet may reflect either the percentages for profits adding up to 100%, or the items listed on the Schedules K-1 adding up to the totals for each item on Schedule K of the partnership return (use this method when the Schedules K-1 reflect "various").

9. Identify the TIN of any LLC that is a disregarded entity and the name and TIN of its owner, if known, on the Schedule K-1. See instructions on the Form 8832 for more information on disregarded entities.

10. Indicate the TIN of a subsidiary corporation which files as part of a consolidated group, if known:

| TIN of Subsidiary Corporation: | TIN of Parent Corporation: |
|---|---|
| a. ______ | ______ |
| b. ______ | ______ |
| c. ______ | ______ |
| d. ______ | ______ |

11. If the investor is not the primary SSN listed on a jointly filed 1040, list both SSNs below.

| Primary SSN (SSN listed first on Form 1040): | | Secondary SSN (SSN on Schedules K-1): | |
|---|---|---|---|
| a. ______ | e. ______ | a. ______ | e. ______ |
| b. ______ | f. ______ | b. ______ | f. ______ |
| c. ______ | g. ______ | c. ______ | g. ______ |
| d. ______ | h. ______ | d. ______ | h. ______ |

**12. Agent's Name and Telephone Number:** ______ ______

**13. Group Manager's Signature of Approval and Date:** ______ ______

**14. PCS Coordinator's Signature of Approval and Date:** ______ ______

**Forward to your local PCS Coordinator. See locator listing at http://tefra.web.irs.gov/m7/7a_coordinator.asp**



Reset Form Fields

Form **13828**
(October 2006)

Department of the Treasury — **Internal Revenue Service**

# Tax Matters Partner (TMP) Qualification Check Sheet

| | |
|---|---|
| Entity Name: | EIN: |
| | Tax Period: |
| Tax Matters Partner (TMP): | Statute Date: |
| Agent's Name and Initials: | Agent's Phone Number: |

**The Manager's initials indicate the case file was reviewed and the TEFRA procedures were completed correctly.**

| | |
|---|---|
| Manager's Name and Initials: | Manager's Phone Number: |

**All the items referenced in the check sheet can be found on the TEFRA web site.**
**<http://tefra.web.irs.gov>**

## DIRECTIONS:

1. Answer all questions in sequence unless directed otherwise.
2. One check sheet must be completed for each taxable year.
3. This check sheet should be completed at the start of the examination and must be completed within 45 days of the issuance of the generic Notice of Beginning Administrative Proceeding.
4. Consult with your local TEFRA coordinator if you have any questions.
5. You can identify your local TEFRA Coordinator at http://tefra.web.irs.gov/m7/7a_coordinator.asp
6. See Treas. Reg. section 301.6231(a)(7)-1 and IRM 4.31.2.5

## Part I (Treas. Reg. section 301.6231(a)(7)-(1)(a)-(e))

| | YES | NO |
|---|---|---|
| **A. Did the partnership or limited liability company (LLC) filing as a partnership designate a Tax Matters Partner (TMP) on the return?** | ☐ | ☐ |
| *(If no, go to TMP Designation Check Sheet.)* | | |
| **B. Was the TMP designated at the time the return was filed?** | ☐ | ☐ |
| *(If yes, go to Part II.)* | | |
| **C. Was the TMP designated after the return was filed and was this designation filed with the Campus?** | ☐ | ☐ |
| *(If no, go to TMP Designation Check Sheet)* | | |
| 1. Is the designation a certification of a successor TMP by the prior TMP? | ☐ | ☐ |
| *(If yes, go to Section D.)* | | |
| a. Was the designation filed with the Campus where Form 1065 was filed? | ☐ | ☐ |
| b. Does designation identify the partnership and the TMP by name, address and TIN? | ☐ | ☐ |
| c. Does the designation specify the taxable year to which it is related and is this the year under examination? | ☐ | ☐ |
| d. Does designation declare that it is a designation of a tax matters partner for the taxable year specified? | ☐ | ☐ |

| | YES | NO |
|---|---|---|
| e. Is the designation signed by persons who were general partners at the close of the year and were shown on the return for that year to hold more than 50 percent of the aggregate interest in partnership profits held by all general partners (including limited partnership interests held by all general partners) as of the close that taxable year? | ☐ | ☐ |

*(If yes to questions a-e, go to Part III.)*

| | | |
|---|---|---|
| f. Is the designation signed by persons who were partners at the close of the taxable year and were shown on the return to hold more than 50 percent of the aggregate interest in partnership profit held by all partners as of the close of that taxable year AND, at the time of execution of this designation, each partner who as a general partner at the end of the partnership taxable year is either dead, adjudicated no longer capable of managing his or her person or estate or, if an entity, liquidated or dissolved, or is no longer a partner or has non-partnership items by reason of IRC section 6231(b)? | ☐ | ☐ |

*(If yes to questions a-d and f, go to Part II.)*

*(If any of the questions a-f are no, consult your TEFRA Coordinator as to whether this is a valid designation. If valid, continue with the check sheet from this point. If invalid, go to Part IV)*

**D. Certification of Successor TMP-by Prior TMP (See Treas. Reg. section 301.62311(a)(7)-1(d))**

| | | |
|---|---|---|
| 1. Was the prior TMP properly designated? | ☐ | ☐ |

*(If no go to TMP Designation Check Sheet.)*

| | | |
|---|---|---|
| a. Does the certification identify the partnership, the prior TMP, and the successor TMP by name, address and TIN? | ☐ | ☐ |
| b. Does the certification specify the taxable year for which it relates? | ☐ | ☐ |
| c. Does the certification contain a declaration by the prior TMP that the prior TMP has been properly designated as TMP of the partnership for the partnership taxable year and the designation is in effect immediately before the filing this certification? | ☐ | ☐ |
| d. Does the prior TMP certify that the successor TMP has been selected as the TMP of the partnership for that taxable year in accordance with the partnership procedures for making that selection? | ☐ | ☐ |
| e. Is the certification signed by the prior TMP? | ☐ | ☐ |
| f. Was the certification of the successor TMP filed with the Campus where Form 1065 was filed? | ☐ | ☐ |

*(If yes to questions a-f, go to Part II.)*

*(If no to any of the questions a-f, consult your local TEFRA Coordinator as to whether this is a valid designation. If valid, continue with the check sheet from this point. If invalid, go to Part IV)*

## Part II (Treas. Reg. section 301.6231(a)(7)-(1)(b))

**Special Instructions for Limited Liability Companies (LLC) filing as partnerships**

1. You must determine who qualifies to be a member-manager before completing the rest of the check sheet.
2. If you are unable to make this determination, contact your local TEFRA Coordinator.
3. Solely for purposes of determining the TMP for an LLC, a member-manager is treated as a general partner. A member who is not a member-manager is treated as a partner other than a general partner.

4. If there are no elected or designated member-managers for that year, each member is treated as a member-manager.
5. Review the LLC operating agreement or applicable State law to determine who qualifies to be a member-manager(s) under Treas. Reg. section 301.6231(a)(7)-2.

| | YES | NO |
|---|---|---|
| **A. Did the partnership or LLC filing as a partnership designate a TMP on the return?** | ☐ | ☐ |
| *(If no, go to Part IV.)* | | |
| 1. Was the person a general partner or member-manager during the year for which the designation was made? | ☐ | ☐ |
| *(If yes, go to question 3.)* | | |
| 2. Was the person or entity a general partner or member-manager as of the time the designation was made? | ☐ | ☐ |
| *(If the response to questions 1 and 2 are both no, a new general partner or member-manager must be designated. Go to Part IV.)* | | |
| 3. Is the designated TMP a United States person as defined in IRC section 7701(a)(30)? | ☐ | ☐ |
| *(If yes, go to Part III.)* | | |
| 4. Does the non United States person have the consent of the Commissioner to be the TMP? | ☐ | ☐ |
| *(If yes to questions 1-4, go to Part III.)* | | |
| *(If no, go to Part IV.)* | | |

## Part III (Treas. Reg. section 301.6231(a)(7)-(1)(l))

| | YES | NO |
|---|---|---|
| **A. Termination of TMP** | | |
| 1. Has the designated TMP died, or if the TMP is an entity, has it liquidated or dissolved? | ☐ | ☐ |
| *(If yes, go to Part IV.)* | | |
| 2. Has there been adjudication by a court of competent jurisdiction that the individual designated as TMP is no longer capable of managing the individual's person or estate? | ☐ | ☐ |
| *(If yes, go to Part IV.)* | | |
| 3. Have the partnership items of the TMP become nonpartnership items by reason of: | | |
| a. Termination assessment of income tax under IRC section 6851? | ☐ | ☐ |
| b. Jeopardy assessment of income tax under IRC section 6861? | ☐ | ☐ |
| c. Prompt assessment of income tax under IRC sectin 6501(d)? | ☐ | ☐ |
| d. Written notification of criminal investigation of the TMP? | ☐ | ☐ |
| e. TMP named as debtor in bankruptcy proceedings? | ☐ | ☐ |
| f. Receiver appointed in any receivership proceeding of the TMP? | ☐ | ☐ |
| g. A deficiency notice based upon an indirect method of proof being mailed to the TMP? | ☐ | ☐ |

*(If yes to any of the questions a-g, the TMP is terminated. Go to the Part IV.)*

| | YES | NO |
|---|---|---|
| **B. Resignation or Revocation of TMP (Treas. Reg. section 301.6231(a)(7)-(1)(i) and (j))** | | |
| 1. Has the TMP resigned? | ☐ | ☐ |
| *(If no, go to question 2.)* | | |
| a. Does the resignation specify the tax period to which this check sheet relates? | ☐ | ☐ |
| b. Was the resignation filed with the campus where the Form 1065 was filed? | ☐ | ☐ |
| c. Does the resignation identify the partnership and TMP by name, address and taxpayer identification number? | ☐ | ☐ |
| d. Has the TMP signed the revocation? | ☐ | ☐ |
| *(If the answers to any of questions a-d are no, consult with your local TEFRA Coordinator as to whether this is a valid resignation. If the resignation is determined to be invalid, complete the check sheet.)* | | |
| 2. Has the partnership revoked the designation of the TMP? | ☐ | ☐ |
| **IF NO, THEN THE DESIGNATED TMP QUALIFIES TO BE THE TMP FOR THIS TAX PERIOD.** | | |
| a. Was the revocation filed with the campus where Form 1065 was filed? | ☐ | ☐ |
| b. Does the revocation identify the partnership and the TMP by name, address and TIN? | ☐ | ☐ |
| c. Does the revocation specify the taxable year to which it relates and is this the year under examination? | ☐ | ☐ |
| d. Does the revocation declare that it is a revocation of the “Tax Matters Partner” for the taxable year specified? | ☐ | ☐ |
| e. Is the revocation signed by all the general partners who were general partners at the end of the year and were shown to hold more than 50 percent of the interest in the partnership profits held by all general partners (including limited partnership interests held by general partners) at the end of that taxable? | ☐ | ☐ |
| *(If yes to each of the questions a-e, go to Part IV.)* | | |
| f. Is the revocation signed by the persons who were partners at the close of the taxable year and were shown on the return to hold more than 50 percent of the aggregate interest in partnership profits held by all partners as of the end of that taxable year AND at the time of the execution of this designation, each partner who was a general partner at the end of the partnership taxable year is either adjudicated, incompetent, or dead, or if an entity, liquidated or dissolved, or is no longer a partner or has non-partnership items by reason of IRC section 6231(b)? | ☐ | ☐ |
| *(If yes to each of the questions a-d and f, go to Part IV.)* | | |

## Part IV

| | YES | NO |
|---|---|---|
| **Has a new TMP been certified or designated?** | ☐ | ☐ |

*(If yes, complete a separate Tax Matters Partner Qualification Check Sheet for the new TMP)*

*(If no, complete Form 13827, TMP Designation Check Sheet.)*



Reset Form Fields

Form **13827** (November 2006)

Department of the Treasury — **Internal Revenue Service**

# Tax Matters Partner (TMP) Designation Check Sheet

| Entity Name: | EIN: |
|---|---|
| | Tax Period: |
| Tax Matters Partner (TMP): | Statute Date: |
| Agent's Name and Initials: | Agent's Phone Number: |

**The Manager's initials indicate the case file was reviewed and the TEFRA procedures were completed correctly.**

| Manager's Name and Initials: | Manager's Phone Number: |
|---|---|

**All the items referenced in the check sheet can be found on this web site:**
**(TEFRA WEB SITE) http://tefra.web.irs.gov**

## DIRECTIONS:

1. Answer all questions in sequence unless directed otherwise.
2. One check sheet must be completed for each TMP designation.
3. Consult with your local TEFRA coordinator if you have any questions.
4. You can identify your local TEFRA coordinator at http://tefra.web.irs.gov/m7/7a_coordinator.asp
5. See Treas. Reg. section 301.6231(a)(7)-1 and IRM 4.31.2.5

## Part I

| | YES | NO |
|---|---|---|
| **A. Designation of TMP other than by the Service** | | |
| 1. Is there a general partner or member-manager that could be designated TMP? | ☐ | ☐ |
| *(If no, go to Part II.)* | | |
| 2. Request the designation of TMP by issuing Letter 2700 and Form 13798 for partnerships and Letter 2700-L and Form 13798-L for LLCs. | ☐ | ☐ |
| 3. Was a TMP designation received? | ☐ | ☐ |
| *(If no, go to Part II.)* | | |
| *(If yes, complete the Tax Matters Partner (TMP) Qualification Check Sheet.)* | | |
| 4. Was the newly designated TMP qualified? | ☐ | ☐ |

**IF YES, THEN THE DESIGNATED TMP QUALIFIES TO BE THE TMP FOR THIS TAX PERIOD.**

*(If no, go back to Part I to determine if another eligible general partner or member-manager.)*

## Part II

| | YES | NO |
|---|---|---|
| **A. Largest Profits Interests Rule (Treas. Reg. section 301.6231(a)(7)-1(m)(2))** | | |
| 1. Is the general partner or member manager with the largest profits interest at the close of the taxable year (including a limited partnership interest held by a general partner) apparent from Schedules K-1 filed with the income tax return? | ☐ | ☐ |
| *(If no, go to Part III.)* | | |

*(If there is more than one general partner or member-manager with the same largest profits interest, enter the name of the general partner or member-manager whose name appears first alphabetically.)*

2. Enter name and TIN of the general partner or member-manager below:

NAME ____________________________________________ TIN ____________________

| | YES | NO |
|---|---|---|
| a. Has the general partner or member-manager died, or if an entity, has it liquidated or dissolved? | ☐ | ☐ |
| b. Has there been adjudication by a court of competent jurisdiction that the individual general partner or member-manager is no longer capable of managing the individual's person or estate? | ☐ | ☐ |
| c. Have the partnership items of the general partner or member-manager become nonpartnership items by reason of: | | |
| i. Termination assessment of income tax under IRC 6851? | ☐ | ☐ |
| ii. Jeopardy assessment of income tax under IRC 6851? | ☐ | ☐ |
| iii. Prompt assessment of income tax under IRC 6501(d)? | ☐ | ☐ |
| iv. Written notification of criminal investigation of the TMP? | ☐ | ☐ |
| v. General partner or member-manager named as debtor in bankruptcy proceedings? | ☐ | ☐ |
| vi. Receiver appointed in any receivership proceeding of the general partner or member-manager? | ☐ | ☐ |
| vii. A deficiency notice based upon an indirect method of proof being mailed to the general partner or member-manager? | ☐ | ☐ |
| d. Has the general partner or member-manager with the largest profits interests been disqualified by: | | |
| i. Notified of suspension of practice before the Service? | ☐ | ☐ |
| ii. Incarceration? | ☐ | ☐ |
| iii. Residing outside the United States, its possessions, or territories? | ☐ | ☐ |
| iv. Cannot be located or cannot perform the functions of a TMP (except that a lack of cooperation with the Internal Revenue Service by the general partner or member-manager with the largest profits interest is not a basis for finding that they cannot perform the functions of a TMP.) | ☐ | ☐ |

State reason they cannot perform the functions of a TMP:

_______________________________________________________________

| | YES | NO |
|---|---|---|
| e. Does the general partner or member-manager have no profits interest in the partnership or LLC filing as a partnership? | ☐ | ☐ |

*(If yes to any of the questions a-e, the general partner or member-manager with the largest profits interests is not qualified. Go back to question 2 and enter the general partner or member-manager with the next largest profits interest. If one does not exist, go to Part III.)*

**IF NO TO ALL OF QUESTIONS a-e, THE GENERAL PARTNER OR MEMBER-MANAGER IDENTIFIED BY THE LARGEST PROFITS INTEREST RULE QUALIFIES TO BE THE TMP FOR THIS TAX PERIOD.**

**IF A TMP IS LATER DESIGNATED UNDER TREAS. REG. SECTION 301.6231(a)(7)-1(d) - (f), THE TMP DETERMINED UNDER THE LARGEST PROFITS INTEREST RULE IS TERMINATED AND REPLACED BY THE NEW TMP.**

## Part III

**A. Selection of TMP by the group manager as the delegate of the Commissioner (DO 4-19)**

*(Per Treas. Reg. 301.6231(a)(7)-1(p), the delegate of the Commissioner must first select an eligible general partner or member-manager before considering a limited partner or member. If there is no eligible general partner or member-manager, go to Part III, Section B.)*

1. Which general partner or member-manager has the group manager selected?

| Name | TIN |
|---|---|
| | |

| Group Manager's Name | Signature | Date |
|---|---|---|
| | | |

| | YES | NO |
|---|---|---|
| 2. Was the TMP selected by the group manager a general partner or member-manager at any time during the taxable year under examination? *(If no, go to question 1 and select another general partner or member-manager. If no general partners or member-managers remain, go to Part III, Section B.)* | ☐ | ☐ |
| 3. Was the TMP Qualification Check Sheet completed to determine if the general partner or member-manager designated is qualified to be TMP? *(If no, complete the TMP Qualification Check Sheet.)* | ☐ | ☐ |
| 4. Did the general partners or member-manager have no profits interest in the partnership? *(If yes, go to question 1 and select another general partner or member-manager. If no general partners or member-managers remain, go to Part III, Section B.)* | ☐ | ☐ |
| 5. Has the group manager mailed to the selected general partner or member-manager and all notice partners the Letter 2701 or Letter 2700-L naming the general partner or member- manager listed in Section A, question 1? *(If no, issue letter to finalize selection of TMP.)* | ☐ | ☐ |

**IF YES, THE ISSUANCE OF LETTER 2701 OR LETTER 2700-L FINALIZES THE SELECTION OF THE TMP BY THE SERVICE AND THE SELECTION IS EFFECTIVE THE DATE THE LETTER IS ISSUED.**

**B. Selection of Limited Partner or Member as TMP by Group Manager as the delegate of the Commissioner (DO 4-19)**

1. Which limited partner or member has the group manager selected?

| Name | TIN |
|---|---|
| | |

| Group Manager's Name | Signature | Date |
|---|---|---|
| | | |

| | YES | NO |
|---|---|---|
| *2.* Was the limited partner or member a partner in the partnership or LLC at the close of the taxable year under examination? | ☐ | ☐ |

*(If no, select another limited partner or member, or if no limited partners or members are available, then there is no one who can be the Tax Matters Partner. Consult with your local TEFRA Coordinator when this occurs.)*

**NOTE:** Only the Service can select a limited partner or member as TMP.

| | YES | NO |
|---|---|---|
| 3. Was the following criteria considered by the group manager in selecting a limited partner or member as TMP? | | |
| a. General knowledge of the limited partner in tax matters and the administrative operation of the partnership, | ☐ | ☐ |
| b. The limited partner's access to the books and records of the partnership, | ☐ | ☐ |
| c. The profit interest held by the limited partner, | ☐ | ☐ |
| d. The views of the partners having a majority interest in the partnership regarding the selection, | ☐ | ☐ |
| e. Whether the limited partner is a member of the partnership at the time the TMP selection is made, | ☐ | ☐ |
| f. Whether the limited partner is a United States person as defined in IRC Section 7701(a)(30)? | ☐ | ☐ |

4. Which of the criteria were used to select this limited partner or member as TMP?

   List the criteria used:

   ____________________________________________

   ____________________________________________

| | YES | NO |
|---|---|---|
| 5. Has the group manager mailed to the selected limited partner or member, the partnership or LLC, and all notice partners (see IRC 6223(a)), the Letter 2701 or Letter 2700-L naming the limited partner or member listed in Section B, question 1? | ☐ | ☐ |

*(If no, issue letter to finalize selection of TMP.)*

**IF YES, THE ISSUANCE OF LETTER 2701 OR LETTER 2700-L FINALIZES THE SELECTION OF THE TMP BY THE SERVICE AND THE SELECTION IS EFFECTIVE THE DATE THE LETTER IS ISSUED.**



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